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ABSTRACT

Advice for schools, colleges, and universities to generate more revenue and noncash resources through entrepreneurial and business ventures is offered in this indexed handbook. In addition to nine case studies of campus-based enterprises, six articles present the process by which new sources of revenue can be identified. Legal and tax considerations are also considered, including how to raise revenue while maintaining the institution's nonprofit tax status. Article titles and authors are as follows: "A Strategy for Enhancing Your Institution's Revenue" (Douglas Beavan); "Resource Raising: Putting Your Campus Assets to Work Full Time" (Harold L. Hodgkinson); "Campus Capitalism: Ten Ways That Institutions Are Raising New Resources" (Karla Taylor); "Capital Enhancement by Syndication and Sale-Leaseback" (Robert E. Angus, William A. Davis, Jr.); "Creative Financing: Great Ways for an Independent School to Earn Money Even After School's Out for the Day" (Richard F. Odell). The nine campus projects involve the following topics: investments and financial strategies; land sale, lease, or sale-leaseback; renting facilities and space; profit-making ventures; joint ventures with business and industry; reducing expenditures, nonfinancial resources raised; innovative ways to pay for a college education; and tuition assistance programs. (SW)

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New Sources of Revenue: An Ideabook

Edited by Susan Hunt

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FOREWORD

Schools, colleges, and universities need new thinking and new approaches to financing if they are to survive the '80s. New Sources of Revenue: An Ideabook examines entrepreneurial and unrelated business enterprises that you can adapt and apply to your institution.

Your school, college, or university has untapped potential for generating more revenue and noncash resources. New Sources of Revenue explains the analytical process by which you can identify these opportunities for new revenue streams. It also provides case studies of successful new enterprises at educational institutions around the country. (Because of the vast number of academic courses and training programs resulting from joint ventures with business and industry, we have not attempted to include these here.)

Authors also address legal and tax considerations, such as how to keep your nonprofit tax-exempt status while pursuing revenue-generating activities. Whether you are a president, school head, fund raiser, business officer, trustee, dean, or department head, you'll discover ideas and information that can help your institution increase its unrelated business income.

New Sources of Revenue: An Ideabook is the product of a popular series of CASE conferences developed by Dr. John Kuhnle, former CASE vice president. Contributing authors Douglas Beavan, Harold L. Hodgkinson, Robert E. Agus, William A. Davis, Jr., and Richard Odell, who were leading speakers at these conferences, share their expertise in this book.

Karla Taylor describes a variety of revenue-generating activities in an article reprinted from the September 1983 issue of CASE CURRENTS. In the last section, editor Susan Hunt, who was assisted by Mary Moore and Julie Landes, presents successful projects and programs already underway at institutions around the country. So that you can learn even more, the editor has included the names and addresses of the people in charge of these projects. (This information was current as of late 1983.)

We hope this thought-provoking compendium of ideas will generate both enthusiasm and revenue at your institution.

Virginia Carter Smith
Vice President, CASE

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A STRATEGY FOR ENHANCING YOUR INSTITUTION'S REVENUE

Douglas Beaven
Partner, Management Consulting Services
Coopers & Lybrand, Certified Public Accountants

Diversification of revenue sources is a priority for all institutions of higher education, public and private, as well as for independent elementary and secondary schools. Increasing competition for students, rising costs, and reductions in public funding make it essential that new sources of revenue be found if needed educational investment improvements are to be made.

Although the newspapers are full of reports of universities that have converted idle land into revenue-producing properties, few institutions have systematically explored all of their revenue enhancement opportunities. This book cites many specific examples of what institutions are doing to enhance their revenues. As the examples demonstrate, innovations such as these are not only feasible and profitable but can be compatible with an institution's educational mission. They should stimulate each institution to move aggressively to explore diversification opportunities and to develop its own institutional revenue enhancement strategy.

This introduction provides a conceptual framework for developing such a strategy for your institution. The strategy should identify revenue enhancement opportunities through more productive use of your institution's resources: its land, facilities, programs, people, and information.

Revenue Enhancement and Mission

A sound diversification program can and should enhance your institution's educational mission. Obviously, the most important contribution diversification can make is to generate discretionary income which can be used to strengthen research and institutional programs. But renting or leasing underutilized land and facilities can yield other benefits in addition to income; it can strengthen linkages to the community, to other institutions, and to businesses. Finding new markets for existing programs can better utilize faculty and can extend your institution's educational reach beyond its traditional bounds.

How far and how fast an institution moves to diversify depends upon factors unique to each situation; resources, market opportunities, and philosophies vary widely from institution to institution. The important point is that diversification can be inherently compatible with educa-

tional mission. We believe that diversification offers the opportunity for the practical application of knowledge -- a role traditionally left to the private sector -- which can enrich the jobs, experience, and educational dimensions of institutional life for faculty and students alike.

Revenue Enhancement and Taxes

A frequently asked question is whether engaging in "profit-making" commercial ventures will endanger the institution's 501(c)3 tax status. The answer is no, unless the commercial ventures become the dominant purpose of the institution. Certainly, if an unrelated venture is profitable, then taxes must be paid, but profitability is the key. Only a money-making operation will be taxed, and after-tax income will remain. Because the tax laws generally allow allocation of indirect expenses, whatever is on a marginal cost basis would be profitable. However, that may not be the case when indirect costs such as overall institutional overhead, maintenance, and interest charges are assigned.

In addition, certain activities are exempt from tax. Rent from real property not subject to debt is not subject to tax. Nor are activities primary to the institution's tax-exempt activities. Research falls into this category. Research is an essential activity of any college or university that, except in rare cases, is tax-exempt. Moreover, legal organizations (e.g., a corporation) can be established in which the institution has a financial interest but which are separate tax-paying entities. Taxes are a serious matter; how they should be dealt with will depend upon the particular revenue enhancement project involved.

In short, we believe the threat of loss of tax-exempt status is greatly exaggerated and in many cases taxes paid on such ventures may be minimal. In any event, the government is never more than a 46 percent partner.

On the positive side, existing tax laws also provide opportunities to attract new capital. Capital costs nonprofit institutions effectively four to five times more than it costs businesses because of depreciation and investment tax credits and other provisions available to profit-making entities. Institution-related partnerships or other vehicles eligible for these tax benefits can attract new capital to fund projects that are also beneficial to institutions.

Revenue Enhancement Resources

Educational institutions have extraordinary resources (e.g., land, buildings, ideas, people, programs, systems) that

potentially offer revenue enhancement leverage. The physical, information, service, and intellectual resources available to colleges and universities greatly exceed those of many other entities, public and private. In many cases, this existing infrastructure represents an enormous asset base that can be used to increase unrestricted revenues often without substantial increases in cost.

Institutional Revenue Enhancement Strategy

Revenue enhancement should be viewed as "leveraging" people, ideas, programs, facilities, land, services, systems, endowments, and information resources and matching these resources to new markets, new uses, and new consumers, and in new combinations. A revenue enhancement strategy could be designed to increase unrestricted funds through:

- Productivity: better return on existing resources;
- Growth: extension of existing programs to new markets; and
- Diversification: developing new products for new markets.

Productivity means enhancing revenues through savings, cost avoidance, or a better return on current investments or uses of funds. Sometimes an institution can improve its purchasing dollar efficiency by 10 to 20 percent simply by standardization or better use of competitive bids. Improvements of 10 to 15 percent can be made by applying work scheduling and work analysis techniques to custodial-maintenance operations. Electronic transfers, concentration accounts, and other means can be used to improve cash management yields. And many research-oriented institutions have significantly increased their indirect cost recovery through special studies that detail costs more accurately. These areas represent significant opportunities to do more with less through improved productivity.

But the key opportunities for revenue enhancement come from growth and diversification. Any of the four methods below can be used:

1. Further penetration of existing markets with current services and products (e.g., increasing market share relative to competing institutions).

2. Offering current services and products to new markets (e.g., credit programs for part-time students or businesses).

3. Adding new services or products for existing markets (e.g., diversified travel, laundry, retail services for students).

4. Offering new services or products for new markets (e.g., marketing a computer system to other institutions, managing other food service operations).

Developing a Strategy for Your Institution

Schools, colleges, and universities have land, programs, people, information, ideas, and other resources that can be developed for revenue enhancement. Significantly, much of the investment in infrastructure has already been made. Moreover, tax incentives can sometimes be used to attract alumni and other investors into a partnership to fund a new venture (e.g., where a tax shelter is available).

To develop a revenue enhancement strategy, your institution should follow three steps:

1. It must make a preliminary assessment of existing opportunities. This should include:

- an inventory of assets,
- identification of possible revenue enhancement opportunities,
- evaluation of initial risk and return, and
- selection of priorities.

2. It should then prepare detailed feasibility analyses of those diversifications that appear most cost beneficial. This analysis should cover:

- a business plan,
- a financing plan,
- an organization plan,
- a timing plan, and
- a management plan.

3. Finally, it should develop implementation plans covering:

- structuring,
- financing,
- contracting, and
- managing.

This approach yields a strategy by which your institution can develop services and/or products that are compatible with your educational mission.

RESOURCE RAISING:
PUTTING YOUR CAMPUS ASSETS TO WORK FULL TIME

Harold L. Hodgkinson
Senior Fellow
Institute for Educational Leadership

In these tight economic times, every educational institution needs to explore new sources of revenue. In addition to conducting energetic fund-raising campaigns, we must take a creative approach to all campus resources -- financial, buildings, equipment, and human -- and maximize their use.

This exploration, and the service to the community that may result, can bring two benefits to your institution. It can increase your financial security, and it can bring greater public exposure -- and hence understanding -- to the academic side of your campus.

The first step to diversifying your resources is to get a grasp of what you have available. We call this process "resource auditing." It involves both the administration and faculty in an inventory of facilities and expertise.

Taking Inventory

Many people on campus have information that you should pull together in your resource audit. The problem is that no one person or office knows it all. The chief business officer, the chief academic officer, the registrar, deans, and department chairs all have indispensable inside knowledge about the areas they oversee. For example:

Buildings. Start with buildings because they're fairly easy to study. Make a list of facilities that aren't used full time and that might be rented to local businesses or community groups.

Equipment. One of the most productive and overlooked resources is the equipment storehouse. Most institutions have a vast array of expensive equipment that sits idle for long periods of time. Many small firms do not have the capital to buy all their equipment in their start-up days. Access to your equipment when you're not using it could be a great asset to them. In return, they might offer you any number of resources in exchange, ranging from typing service to research.

As you're studying what's available around campus, be sure to give departments most of the control over the audit of

their equipment. Neither the business officer nor the dean (in most cases) should tell the physics department whether it's using its electron spin resonator to full capacity. Nevertheless, when you do broaden the use of departmental resources, both the department and the institution as a whole should benefit.

Human resources. Analyzing building and equipment use is fairly straightforward; learning who on the faculty is working up to capacity and who is not requires a great deal of tact and diplomacy.

One very sensitive area is faculty consultation services to outside organizations. Some definitions of academic freedom would suggest that this is an area beyond the institution's interests, even though the faculty member seeking consulting relationships usually uses his or her employer's name.

Should we consider charging a finder's fee for such relationships? Should we audit the amount of time faculty members spend consulting? In some cases faculty members turn a class over to a subordinate to free themselves for more lucrative consulting, a form of academic "double-dipping." In other cases, the institution benefits by having its best faculty members share expertise with other organizations.

There is no easy answer to this problem. Some institutions have established a finder's fee and provide all clerical and financial management for faculty consultation. This discourages faculty members from bootlegging university staff or hiring their own partners from outside the university or college pool.

In this case, the relationship is open and above board, and both the institution and the faculty members benefit. The consulting resources and expertise of the faculty become more broadly conceived. The pool of faculty talent can be brokered, bartered, or sold in such a way that both the individual faculty member and the institution gather maximum reward from the operation.

The audit procedure leads naturally to rethinking the investment we make in human beings as renewable resources. If we encourage faculty members to become involved outside their institutions, we help them stay on the leading edge of their fields.

Barter for Benefits

Barter is one of the oldest forms of resource use. For centuries, people have exchanged one thing for another without involving money.

One of the major virtues of barter is that it frees up financial capital to work in other areas. For example, a college needs additional word processors but has no money to buy them. It does have a fine physical education facility, however. Across the street is a rapidly growing business that has plenty of word-processing equipment but no health maintenance program for the people on its staff.

The solution? The company staff swims in the college pool during off hours, and the college uses the company's word processors during the company's down time. Neither organization invests dollars, but both get what they need.

You can initiate barter at the institutional level, between departments, or among individuals. You can barter within the institution or with outside organizations and individuals. Consider bartering buildings, time, talent, or access to resources -- anything you have that someone else may be willing to trade for.

One problem with barter is figuring out the rate of exchange. In our previous example, the college and the business must calculate the value of an hour of swimming pool time compared to an hour of word-processor time. However, once you've calculated and negotiated this exchange, you've accomplished the "float." You can continue the arrangement for a long time, regardless of the condition of the dollar. (But beware: If your barter has a cash equivalent, do check with your institution's attorney or the IRS on tax questions.)

Courses for Contract

Instruction is one of the most common bases of collaboration between higher education and industry, particularly for community colleges. Usually a business has a need for training but no existing course is suitable. For a variety of reasons, the business wants the course "tailor-made" to its own needs and offered to its own employees only.

Although many larger firms have their own education and training personnel, they may not have expertise in a new area of course development. Many smaller firms are aware of

their need for education and training programs but don't wish to budget a full-time staff member to organize them.

On occasion, a single course contract can lead to a major commitment to develop a larger program unit and build a more permanent relationship between the business and the college or university. For example, a course developed for one division of a company may become popular for all divisions. If this happens, you can rapidly recoup the original cost of course development by offering the course in 20 divisions instead of one. This arrangement presents a number of opportunities. You can:

- create a special section of an existing course;
- use your faculty to design a tailor-made course;
- hire new faculty, either from the business or academic world, to design a new course;
- replace a company instructor with a member of your faculty;
- offer a one-shot course; or
- use a one-shot course as the basis for a comprehensive program.

Whatever method of operation you choose, offering courses for contract will require you to make several important decisions. For example, what will you change? Who will determine the course's content, including the size of the class, materials, and teaching techniques? Who will own any necessary teaching materials? Will you offer course credit, and, if you do, will those credits add up to a degree? What method will you use to evaluate the outcome of the course?

Profit Centers

Once you've developed a course structure that's valuable to others, it is natural to begin thinking of other institutional resources you can handle by contract. Many of these services have already been developed; you just need to expand them. You can easily turn a bookstore into a community resource and increase the inventory to include items of interest to more people. Selling records, tapes, books, prints, other artwork, and school supplies can bring in much income if your community needs such a service.

What about your publications office? Often your ability to put out the college catalog, fund-raising materials, newsletters, and periodicals gives you a capacity that local businesses or nonprofit groups need. If your publications unit has slow periods, a contract arrangement can easily carry you through the lean times and let you generate additional income without increasing staff. Even the production of large mailings represents a capacity many others would wish to make use of. If your services include graphic design and layout in addition to mailing and production, so much the better.

You may be able to justify opening an on-campus travel agency if your faculty and staff travel a lot. A franchised unit can provide this service with the understanding that you will receive a certain percentage of the income. If surveys show that there is a need for such service, open the travel agency to members of the community.

Many institutions establish a foundation to deal with the financial aspects of profit-center income, but for most operations this isn't necessary unless the number and range of profit centers become large. But be sure to seek tax advice before you "go into business."

In-kind Contributions

Many people and organizations want to give you things, from books for the library to land, mansions, yachts, and so on. When you receive a gift that looks like a white elephant, see if you can't turn it into an opportunity to generate income.

In one case, a college converted the gift of a yacht into a profitable franchised summer cruise service. The franchise was responsible for all of the cruise service's mooring and maintenance costs and activity.

Whenever possible, use your gifts to reflect the educational values of the institution. One state university is using a gift of land for two purposes: as the basis of a forestry management program and, when it harvests the tree crop, as an important and economical new source of fuel.

Partial Needs

Colleges and universities can take a lesson from small nonprofits that partially merge aspects of their administration to help maintain personalized services. For example, if five social service agencies are running five separate

central administrations, they can save money by centralizing to one business manager, one program manager, and even one director.

In the same way, some consortia of colleges have pooled purchasing programs and developed common library access, common admissions forms, and so on. These all fit into the category of partial mergers. Partial mergers allow personalized delivery of essential services by combining the administrative load.

Yet to be developed are partial mergers between colleges and universities and other types of institutions. The opportunity is there, and a number of institutions are moving in this direction. For example, some colleges share demographic and marketing data and expertise from a central source. They find it advantageous to give up total autonomy in areas of administrative services in order to gain autonomy over the service delivery that is central to their mission.

Marginal Management

Throughout most of our discussion runs a common thread -- that the alliances we are discussing cannot be carried out entirely by the president's office. Although the chief executive needs to be informed about all relationships on the campus, the parties working together should be at parallel levels within their respective organizations. For example, the head of the department of chemistry might discuss research relationships with the head of a neighboring company's research department.

We need to begin thinking about departments as the centers of these resource exchange relationships. For example, the psychology department decides what resource exchanges might occur -- what it might sell or trade, what it might buy or barter -- in the field of psychology.

Departments are the major areas of intersection with communities external to the institution. How do we manage these margins? It should be clear that being marginal in this sense is in no way a negative comment or judgment. It is through the walls of a cell that things are exchanged with the outside environment; to castigate the cell wall as being marginal to the nucleus is about as ill-informed as looking at departments in a university as marginal.

In a time of alliance building between organizations that previously had little to do with each other, it is the quality of interactions at the margins that will determine the institution's ability to achieve in this new way.

Resource raising -- through barter, gifts-in-kind, profit centers, and partial mergers -- makes possible a new perception of the college or university. It acknowledges the campus as a wide and complex network of resources that can help an institution reach its highest standard of excellence.

CAMPUS CAPITALISM:
TEN WAYS THAT INSTITUTIONS ARE RAISING NEW RESOURCES

Karla Taylor
Associate Editor
CASE CURRENTS

(reprinted from CASE CURRENTS, September 1983)

> Lake Erie College makes $80,000 a year by sponsoring bingo games in its gymnasium.
>
> Washington University collaborates with private industry on research projects, one of which is worth $23.5 million to the university.
>
> And the University of Texas at Dallas is selling and leasing donated land to corporations that want to place research and development and computer firms on campus.

More and more, it seems, the business of education is business. For many colleges, universities, and independent schools, necessity is the mother of innovation. Faced with the well-known problems of shrinking student numbers and declining government funds, many institutions are taking advantage of resources at hand -- everything from underutilized land to unused buildings to potential partnerships with business and industry.

To give you an idea of the wide variety of possibilities, we surveyed 10 institutions, large and small, public and private, about their resource-raising and revenue-producing enterprises. The results prove that there's money to be made from very unlikely sources.

Keep in mind, however, that educational institutions are not immune to the problems that plague even the best-run businesses. This is true whether you're simply seeking cars for your transport pool or planning to build a 10-acre office park. No entrepreneurial activity should be entered into thoughtlessly. You must consider everything from insurance and tax status to how your students, faculty, and board will react to campus capitalism.

In other words, think creatively, but act wisely. These examples will give you an idea of how to do it.

Big Stakes Bingo

Every Thursday and Friday night for the past five years, Lake Erie College has opened its gym not to joggers or basketball fans but to bingo players.

True, the college's athletic department is not thrilled with the idea of bingo on the main court two evenings a week. But the games raise a net annual income of $160,000, half for the college's scholarship programs and half for the community organizations that furnish the games' volunteer staff. Because groups such as the American Field Service and agencies of Lake County mental health associations are eager to share in both the labor and profits, Lake Erie only has to provide maintenance workers and finance office bookkeepers to keep the games going.

Bingo isn't Lake Erie's only money-making project. It earns $1,000 a month selling natural gas pumped from a well it drilled on campus. It also rents out some of its buildings in the summer for everything from band camps to single parent retreats. These rentals net about $80,000.

Support for these projects comes right from the top. "You've got to hustle. You've got to be entrepreneurial," Charles E.P. Simmons, Lake Erie's president, told USA Today. "Colleges that don't do anything different are going to be in real trouble."

Constructive Cooperation

The University of California, Irvine, is combining its bricks-and-mortar needs with the research and development plans of a pharmaceutical firm.

UCI and Nelson Research and Development recently signed a lease agreement through which a two-story building that Nelson is constructing on UCI land will be available for research by Nelson and for teaching and research by UCI faculty and staff.

UCI expects to benefit from this venture in several ways. In return for providing 1.5 acres rent-free to Nelson, the university will have 15,000 square feet in the new building's ground floor for offices and labs, plus primary use of a 250-seat lecture hall. UCI expects to save up to $400,000 a year on leasing costs. And, in 30 years, the entire 50,000-square-foot building will become the property of UCI. Until then, university researchers, most from the College of Medicine, will be able to work in close proximity to Nelson's.

Like all new ventures, this one has its hazards. Cooperative agreements between corporate and university researchers could raise issues such as ownership of patent rights and conflict of interest, says Helen M. Johnson, UCI's public information director. There's also the question of municipal jurisdiction over planning law compliance and property taxes.

For now, though, the partners are looking forward to getting the project started. Construction was scheduled to begin in September 1983. The building's proposed completion date: late 1984.

Money-making Mansion

Newlyweds all over New Jersey keep photos of the Gill/St. Bernard's School Victorian mansion in their wedding albums. That's because Gill/St. Bernard's rents out the 90-year-old building for weddings, receptions, and corporate parties almost every weekend.

The rentals started four years ago. Since then, the annual net income of almost $100,000 has financed the building's complete renovation as well as several school projects. The only staff required is a part-time person to be there during the special events and a person who shows the building to prospective renters one night a week.

The project has fringe benefits, too. "It gives us tremendous exposure," says Richard F. Odell, director of administrative services. "On the average, there are 400 people there per weekend." The house caterer also provides all dinners for special school events at no cost.

Bonanza

In 1975, a Grinnell College trustee suggested a novel way of providing the college's endowment with a long-term hedge against inflation: buying a television station.

WLWD, a Dayton, Ohio, station best known for originating the Phil Donahue show, was on the market. The trustee himself had been approached as a buyer, but he thought the $12.9 million purchase would be a better deal for Grinnell. The other trustees agreed, thinking the college would keep the station for 25 years or so and let its investment value grow.

In 1980, when the Hearst Corporation offered approximately $50 million for the station, the trustees quickly changed

their minds. The estimated $35-million profit from the sale boosted Grinnell's endowment to $80 million. Continued appreciation of its investment portfolio recently raised that amount to $100 million.

Grinnell didn't go into the television business hoping to produce the next "Dallas," says William Deminoff, director of college relations. From beginning to end, the station was strictly an investment property. The professional management that ran it in 1975 continued to operate it. Its general manager reported to Grinnell Communications Corp., a company established by the college's trustees and headed by a trustee, which acted as an intermediary between station and college.

When the New York Times interviewed Grinnell's president about the project's success just before the sale went through, he called the windfall a boon to the sort of quality liberal arts education the college specializes in. "If it becomes increasingly difficult to justify a liberal education in our society," he said, "this money will help us keep the courage of our convictions."

New Life for Old Dorms

When Marylhurst College, a residential liberal arts college for women, became Marylhurst College for Lifelong Learning, a commuter college for adults, the institution was left with eight empty dormitories.

But they weren't empty for long. With the help of several grants and gifts, the college remodeled the dorms into 160,000 square feet of office space. The buildings now house 28 nonprofit agencies. One dormitory retained its residential rooms and is available for overnight or military conferences and the college's own weekend seminars.

Annual lease income: $500,000 gross. And the converted dorms require no more maintenance or secretarial staffing than they did in their previous incarnation.

Like all remodeling projects, Marylhurst's had its problems. The remodeling was extensive (the dorms' new tenants didn't need the same plumbing or wide hallways its old tenants required) and expensive. Increased daily traffic on campus caused several snarls until new traffic signals went in.

Problems aside, the new arrangement brings in more than money, says Eileen Scott Ross, Marylhurst's vice president for college relations. Because the college's curriculum and

schedules are designed for the working adult, the renters' staffs sometimes enroll in classes. Occasionally the college and the agencies go in together on supplies to save money. And, Ross adds, renting to nonprofit agencies helps fulfill Marylhurst's mission to serve the community.

Trade-in Time

When St. Timothy's School needed replacements for several decrepit cars and trucks in its transport pool, its staff thought of a quick, simple way to get them: by asking.

Emily Cunningham Finch, the director of resource development, wrote to all alumnae and present and former parents within two hours' driving time of the school to ask if they had old cars they'd like to get rid of. "Maybe you can do yourself and St. Timothy's a favor," she suggested. By donating old cars, contributors could get tax deductions. And St. Timothy's could use the cars or trade them in on vehicles that suited its transport pool needs better.

The "car project" method of resource-raising paid off in a horse van and three cars. The school sold one of the cars, swapped another car for a station wagon, and replaced a second school station wagon with a later model that was donated. The second station wagon came just in time; within days of its arrival, the old one had to be towed away as junk.

Land of Opportunity

The real estate boom may be over in most of the country, but it's just beginning at the University of Texas at Dallas. Over the last 15 years, the university received three large gifts of North Dallas land totalling 1,100 acres. Now it plans to sell or develop 600 acres -- at least 100 of them to corporations that want to place research and development or computer facilities on campus.

The venture may eventually yield $60 to $80 million from sale proceeds, options, and leases, says Richard A. Geyer, Jr., UTD's vice president of university affairs. In addition, the university will be promoting priceless partnerships between faculty and corporate researchers. Among the other potential benefits: positions for adjunct faculty, part-time jobs for students, opportunities for faculty consulting, and joint seminars.

UTD has hired no new staff to oversee the projects. They're supervised by a senior vice president for university planning and endowment land development. Geyer says that the

university is aware of some potential problems. Some developers might be leery of UTD's nonprofit tax status or be frustrated by the fact that a state institution can't always work as quickly as private developers. But so far, he says, none of these problems have come up.

The proceeds are slated for UTD's endowment. Two-thirds will go to support UTD's main campus, and one-third is for its Callier Center for Communications Disorders.

Multiple Money-makers

Dana Hall School earned more than $20,000 last year by making its infirmary, a licensed hospital with 'round-the-clock nursing care, available to sick students after school hours.

The money came in when the school billed the students' insurance companies at a rate that's profitable for the school but less than hospital rates. Under this arrangement, says Peter J. McCone, Dana Hall's business manager, the infirmary usually has at least one patient a day from either Dana Hall or the nearby Cambridge School.

The school makes money in several other innovative ways. It remodeled parts of its auditorium into offices to rent to nonprofit organizations. It provides unused dormitories to a local college during the school year. In addition, it saved on fuel costs through a three-year energy conservation program financed with $175,000 from the government, a foundation, and its own plant fund. Savings to date: $325,000.

Let's Make a Deal

Greenfield Community College put its foundation to work in bartering for goods and services money couldn't buy.

In 1980, GCC lost use of a local church for child care facilities. Through a delicate and complex series of negotiations, GCC's foundation:

- Rented a closed elementary school for $1 per year with a 10-year option to buy it for $30,000. In return, the town got savings on maintenance and security from the deal.

- Worked out a $40,000 gift to renovate and buy the school. The gift came from the local branch of a national insurance company that wanted to provide child care for its employees.

- Arranged to renovate the school through the labor of (1) the college's own employees; (2) CETA workers, paid

through a local CETA program; and (3) seniors from a local technical high school, who replaced the heating and cooling system in order to get some hands-on experience.

• Traded unused foundation gifts for 200 small classroom chairs; persuaded a restaurant that was going out of business to donate some of its kitchen equipment; and got permission from a local industrial electronics firm to take what was needed from its discarded inventory.

In the end, the negotiations paid off in a completed building worth $260,000 and 67 percent more space than the old child care center had.

GCC has carried out other successful swaps. To get equipment for its white-water canoeing program, it deals with manufacturers to provide in-depth evaluations of the canoes in exchange for use of their new models.

In addition, when a local manufacturing firm relocated, GCC persuaded it to give its old buildings to the foundation as a tax write-off. GCC sold the buildings a year later for more than $160,000.

The secret of GCC's success, says the college's former president, Nancy Goodwin, is the foundation. Formed as a nonprofit entity with no purpose other than to benefit the college, it helped both donors and GCC avoid sticky problems with red tape.

Doing Business in the Lab

Washington University intends to prove that business and education can mix. In June 1982, the university signed one of the biggest research contracts ever with Monsanto Company, a St. Louis-based chemical producer. The $23.5-million agreement covers five years.

Washington University is hardly a newcomer to biomedical research contracts. Earlier in 1982, it made a $1.5-million pact with Monsanto for hybridoma research, through which cancer cells and antibody cells are combined to form a hybrid that produces a pure antibody capable of endless reproduction. And in September 1981, it signed a $3.88-million agreement with Mallinckrodt, Inc., for hybridoma research.

As the New York Times pointed out the day after the $23.5-million contract was announced, such multimillion-dollar deals are both a boon and a source of headaches for research universities. As federal support for research shrinks, col-

laboration between business and academia will become more and more attractive -- and possibly vital to the future of research.

Nevertheless, says M. Fredric Volkmann, Washington University's director of public relations, such agreements have subjected the institution to criticism. Because the ramifications of the contracts are invariably complex, "Their success depends on the ability to affect a good marriage between the needs of industry and the intellectual capital of education," Volkmann says.

Many faculty members at other universities argue that the marriage should never take place. They believe it's impossible to overcome conflicts of interest concerning the free flow of ideas versus the desire of a business to profit from the discoveries it paid for.

Washington University doesn't think so. To minimize conflict, its most recent contracts with Mallinckrodt and Monsanto specify that faculty members who participate in the joint projects are free to publish their results and that the university will be able to patent any inventions with commercial possibilities. The companies will have exclusive licensing rights to the patents. In addition, one of the most unusual features of the Monsanto contract specifies that nearly one-third of the funds is set aside for basic research, not just the applied research that is normally the basis for agreements between industry and universities.

As the president of Mallinckrodt told Time magazine, agreements like these "allow the university to do what it does best -- that is, basic research -- and allow us to do what we do best, develop usable products."

CAPITAL ENHANCEMENT BY SYNDICATION AND SALE-LEASEBACK

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During the past few years, finding the additional capital and operating resources that are needed has become increasingly difficult for nearly all educational institutions and other nonprofit entities. Inflation, high costs for equipment and construction, high interest rates, increasing constraints on the ability to raise fees, reduced public expenditures, and a continuing recession have combined to create a financial squeeze. Educational institutions have been forced to look for alternative means of securing capital resources.

One creative alternative is to form a partnership with the for-profit, private sector, both individuals and companies. Increasingly, nonprofit institutions are examining their activities, resources, and plans to determine whether bringing in a for-profit partner makes sense and whether it will generate additional resources without harming the institution's primary mission and functions.

Sharing in Tax-related Benefits

One special type of partnership is that of syndication in combination with a sale-leaseback. Syndications and sale-leasebacks are techniques that allow the nonprofit owner of property to sell the tax-related benefits to those who can use them -- private investors. These investors claim the tax-related benefits and "shelter" their income from taxes, thereby realizing a cash savings, a percentage of which they pay to the nonprofit owner of the property. The owner receives part of the syndication proceeds in cash or possibly in the form of reduced operating costs through the "leaseback" of the property from the new purchaser.

By capturing the value of available tax shelters, educational institutions can attract capital for their operations. This method has been used for years in many different settings, including the development of low-income housing projects throughout the country. In other areas of business activity, the utilization of tax-related benefits is, of course, a major component of any financial analysis and planning.

At its core the technique is rather simple: identify a value that the owner is unable to realize and that can be packaged and sold to investors so that the owner can derive some economic benefit. For example, when an educational institution owns a building, as a nonprofit and non-taxpaying entity it cannot realize the full economic benefit of depreciation losses and other tax-related values, such as tax credits for rehabilitation.

On the other hand, by "selling" its properties to a syndicated partnership, composed of individuals who can make use of these tax losses, the nonprofit corporation creates, or captures, a value that translates into cash or into reduced costs over time. These tax-generated or tax-dependent benefits are available only to owners who pay taxes and use the property in the course of doing business; nonprofit entities, such as colleges, universities, and independent schools, cannot take advantage of these benefits unless they can "syndicate" their properties.

Tax-related Benefits

There are two types of tax-related benefits: tax losses and tax credits. Depreciation, a tax loss, refers to the assumed loss of value of a resource over time; it results in an annual "loss" to the owner and so counts against income for purposes of taxation. Under recent amendments (1981) to the Internal Revenue Code, the rates for depreciation of both equipment and buildings have been considerably liberalized. Another type of potential tax loss is a business expense. In a business, many expenditures are classified as business expenses, which can be counted against gross income in order to arrive at the net taxable income. Any excess of expenses over income leads to "losses," which can be used to "shelter" income from other sources.

Tax credits are specific provisions that allow a business or investor to deduct a set percentage (the credit) of certain expenditures from taxes owed. When a business buys equipment, the Tax Code allows the "investment tax credit" (ITC) which is, in most cases, equal to 10 percent of the purchase price. The ITC is not generally available in the purchase of real property except in the case of older buildings and certified historic structures where credits of 15 to 25 percent of the costs of rehabilitation are available. In addition, businesses that purchase and employ energy conservation equipment can receive a 15 percent credit for such equipment or expenditures. There are numerous other provisions of the Code that can lower costs, such as those relating to the development of low-income housing, the hiring of disadvantaged persons, and research and development activities.

These tax-related benefits translate into substantial economic facts; at the bottom line there is more money available to both the nonprofit owner and to the investors. For a business that can use the ITC, a $100,000 computer will cost only $90,000 (because the ITC provides a $10,000 credit) and potentially even less because of the owner's ability to depreciate it over five years. A developer of an office building who rehabilitates a historic structure at a cost of $100,000 can look toward a $25,000 credit. Tax-related benefits create substantial savings and enhanced returns for business and investors.

But for the nonprofit owner of a property who cannot take advantage of these benefits, there is a "nonprofit surcharge." If it costs a business $75,000 to rehabilitate a building because of the tax benefits but a university must pay $100,000 for the same job, there is a "nonprofit surcharge" of $25,000.

Types of Projects

Educational institutions may find the syndication of partnerships and sale-leaseback techniques most profitable in the following types of projects:

1. Acquisition of buildings. Whether the institution seeks to buy an existing building or construct a new one, it should consider the partnership approach, which may reduce the effective purchase price thrcugh sharing the economic benefits created by depreciation.

2. Rehabilitation of older buildings. If the institution is considering a substantial rehabilitation of an older building or one eligible for designation as a certified historic structure (either a building it currently owns or one it is planning to purchase), then it may reduce the effective cost of the rehabilitation by sharing in the benefits generated by the rehabilitation and energy tax credits, as well as depreciation.

3. Economic revitalization of underutilized buildings. If the institution is no longer able to make full use of a building, it should consider the advantages of a sale, rehabilitation for new use, and leaseback. This will generate income from the sale or from the subleasing to others of all or part of the revitalized building.

4. Acquisition of new equipment. If the institution is planning to buy expensive equipment, then it should consider whether entering into a service contract with a partnership to provide the services of the equipment might substantially reduce the costs.

5. Raising capital for other "business" activities. If the institution is considering one or more business ventures, including research and development work, then it should consider creating partnerships as a means of generating capital from private investors.

The Range of Potential Benefits

Each transaction tends to be a unique response to a particular set of circumstances, opportunities, and constraints. Since the benefits to the educational institution result from sharing in the tax-generated aspects of the transaction, the range of benefits will vary depending upon a variety of factors, such as:

- type and size of potential tax shelter;
- rate of return demanded by the investor (or potential contributor);
- attractiveness of the venture to potential investors;
- whether the property in question will appreciate or depreciate in value and, if so, at what rate;
- whether the institution will want to assume ownership at some point and, if so, when;
- utilization of state revenue bonds;
- ability of educational institution to assume the role of mortgage lender, using gifts from donors as debt financing in the venture; and
- applicability of local property, transfer, and sales taxes.

Based on a variety of transactions with which we are familiar, transactions that involve very complex pro-forma projections, we can provide the following general perspectives as to the range of benefits or savings that an educational institution can look forward to in a successful partnership/syndication:

New construction:

- 15 to 20 percent savings (using "outside" investors)
- 20 to 40 percent savings (using "friendly" investors)

Rehabilitation of older buildings:

- 15 to 30 percent savings (using "outside" investors)
- 25 to 50 percent savings (using "friendly" investors)

Purchase of new equipment:

- 10 to 20 percent savings (using "outside" investors)

Availability of Investors

Until recent times, most syndication packages focused on the relatively small percentage of the population in the highest tax brackets, most notably those whose marginal income was taxed at the 70 percent rate. However, the general market has changed in two ways: (1) the maximum marginal taxation rate is now 50 percent under the Code, and (2) there are large numbers of families in the higher brackets who have gotten used to receiving double-digit returns on their investments. Therefore, there are more potential investors but they will be harder to please because of the reduced value of the available shelters.

Many educational institutions have access to a special market of concerned or related investors, known to us as "friendly" investors. Alumni, friends, and associates of an institution might be more responsive than the general public to an opportunity to assist an organization they care about while making a reasonably attractive investment. And if these friendly investors are willing to settle for a lower return on their investment than is otherwise available in the tax-shelter marketplace, then their monies could be used to create even greater economic value to the institution. By using tax shelter techniques, wealthy contributors are able to increase significantly (often two to three times) the value of any contribution they intend to make.

Designing a Partnership

In addition to the goal of raising funds, each educational institution will possess its own criteria: (1) it may want to remain in control of the assets; (2) it may want to obtain or regain ownership of the assets at some point in time; (3) it may wish to utilize assets for programmatic

objectives rather than for the greatest income generation; (4) it will want to maintain the appearance and character of the educational enterprise, even though use of for-profit entities may be necessary to maximize returns; (5) it may be interested in exploring new ways of operating one or more components of its overall operations; and (6) it will want to keep the focus on its primary functions -- delivery of instructional, research, and public benefit services -- and to insure that the mission of the institution is protected, if not enhanced, by any for-profit venture.

At the same time, the package must be carefully structured to meet several general IRS criteria: (1) the investors must be considered to be the "at risk" owners of the assets; (2) the assets must be utilized by the owner for the purpose of an investment and/or in the course of doing business; (3) in the case of "sale-leaseback" or straight leasing transactions, the lease agreements must meet several tests regarding length, rate of payment, purchase options, and financing considerations; and (4) the transaction must not be structured as a "churning" or as a transfer of assets owned pre-1981 for the sole purpose of taking advantage of the more liberal accelerated depreciation provisions. In addition, there are a number of other specific provisions that necessitate a very careful structuring of each transaction.

Each package must be organized so as to respond to the unique character of the participants. An array of formal relationships can be utilized. These include joint ventures, limited partnerships, sale-leasebacks, creation of for-profit subsidiaries of nonprofits, cooperative arrangements between institutions that require similar types of equipment, and so on. And many variations are possible within each category. For example, in some instances, the nonprofit might serve as the general partner or manager while, in others, it would have no role except that of seller of the asset. Conditions of sale, including the right to repurchase and/or the ability to share in ownership, will also vary from situation to situation.

Complex Undertaking

To meet the complex and often seemingly conflicting objectives of the institution, the investors, the IRS, and other regulatory bodies, each venture must be carefully crafted. The following questions should be considered:

1. What is the full amount of tax shelter available on both the building and the equipment involved in the project based on the several options of ownership and lease arrangements?

2. What are the effective legal constraints on the form and substance of the transaction that might affect the maximum shelter values and/or the other sources of income?

3. What types of -- and how many -- entities and parties should be involved in the transaction in order to meet the requirements of questions (1) and (2)?

4. What are alternative structures and ventures that will meet the objectives and constraints of the several partners?

5. What are the exact costs and benefits to the nonprofit institution and potential private investors of various options?

6. How will the new entities be managed?

7. How will the new entities affect the image and primary mission of the institution?

Need for Professional Assistance

Because of the complex nature of the venture, the educational institution would be well advised to look for professional assistance. Whether located in-house or contracted for independently, the professional services group should be skilled in the areas of finance, law, and brokering. It should have considerable experience with nonprofit institutions. It is particularly important that the professional services group be involved at an early stage when the institution is considering capital enhancement techniques and designing the most effective strategy. Without such assistance, inadvertent errors could easily frustrate the success of the project. Moreover, if it decides to use a full-service, professional services firm, the institution would be well advised to consider those that are primarily oriented to assisting nonprofit entities and that manifest concern for and sensitivity to the nonfinancial aspects of the institution's mission.

The major tasks leading to the implementation of the strategy include:

- drafting legal documents, including the investor prospectus;
- locating and approaching prospective investors;
- securing the necessary debt financing;

- obtaining written tax opinions, if necessary;
- filing necessary documents to comply with public relations;
- overseeing the physical development of the project; and
- establishing the operational management for the project once it is physically developed.

A Valuable Tool for Enhancement of Capital Resources

Syndication and sale-leaseback techniques may be complicated, but they can produce great benefits to an institution when they are part of their overall development and financing strategies -- not as an alternative but as a complement to more traditional approaches. Private sector participation has always been a major ingredient in the success of a large portion of our colleges and universities. New crises call for a creative but responsible means of further encouraging such participation. We believe that the partnership approach is a valuable tool and worthy of serious consideration.

Addendum: Proposed Legislation

At this writing (November 1983), the Code has not been amended nor has the IRS issued any regulations or rulings that would change what we have discussed in this paper. However, legislation has been introduced into the U.S. House of Representatives (H.R. 3110) and the U.S. Senate (S. 1564) that does address sale-leaseback transactions involving tax-exempt entities. Known as the "Pickle" and "Dole" bills respectively, after their primary sponsors, both attempt to reduce the attractiveness to private investors of certain transactions involving the use of property by tax-exempt entities. The bills would deny the availability of the more rapid depreciation periods and certain tax credits. The proposed legislation attracted considerable attention and much criticism by organizations representing cities, counties, states, historic preservationists, waste recyclists, computer manufacturers, and colleges and universities. Redrafting and refinement of the legislation, in light of the comments, are now occurring.

While it is difficult to project the actual outcome, based on our involvement with the legislative committees and various associations, we think that some "corrective" legislation will pass. Most likely, it will deny the ability of investors to rapidly depreciate real property in cases where

the transaction involves no substantial economic activity such as new construction or substantial rehabilitation. It probably will also reinforce existing IRS practice to require the transaction to place the investors at risk. Finally, it probably will prevent the taking of rapid depreciation and/or investment tax credits when tax-exempt financing (such as use of a higher education or industrial revenue bond financing) is also utilized in the transaction. The bills' provisions do not apply to taxable unrelated business activities conducted by the tax-exempt entity. On the other hand, the legislation will buttress the validity of transactions that conform to certain standards outlined in the proposed legislation.

Another public policy tendency to be considered is the IRS's harder line in determining whether certain income of tax-exempt organizations is taxable if it is derived from an activity characterized as being an "unrelated business activity." If the income will be taxable in any case, then use of the techniques described in this paper becomes even more attractive. A university or college that owns an inn or tavern, hotel facilities, a commercial strip, a large conference center, or a significant number of off-campus properties, for example, would be wise to examine the feasibility of transferring ownership of such taxable enterprises to private investor groups.

Of course, the real bottom line conclusion is unavoidable: The legislation will make a complex area more so and the need for competent but creative professional assistance greater.

CREATIVE FINANCING:
GREAT WAYS FOR AN INDEPENDENT SCHOOL TO EARN MONEY
EVEN AFTER SCHOOL'S OUT FOR THE DAY

Richard F. Odell
Director of Administrative Services
Gill/St. Bernard's School

You might have a great new source of income on your school grounds without even realizing it.

It could be your gym, your art department's kiln, or a member of your faculty who's interested in teaching after school. It could also be just the thing to attract community groups, local corporations, parties and weddings, or even potential students.

What am I referring to? All the many resources your school doesn't use after the final bell rings in the afternoon. You can put buildings, programs, staff, endowment, and property to work by renting out unused facilities and devising programs that capitalize on the skills of your faculty and staff. If you manage carefully, you should incur little expense while generating significant amounts of money, good public relations, and the attention of students and families.

This isn't a new idea. Many colleges and universities have been doing similar things for the past five years. With enrollments and revenues shrinking, they figure that it only makes sense to capitalize on the resources at hand.

Independent schools should follow the same reasoning. They have two options: either they can accept their present success without worrying about the future or they can develop new cost-management programs, better ways to use their facilities, new marketing programs, and innovative staff and faculty incentives. After all, some analysts predict that in five to eight years a private day school education will cost $9,000 -- and that only half the cost will be covered by tuition.

The balance will have to come from somewhere. Underutilized facilities and programs are a good place to start.

Some of the following suggestions may not be realistic for you. However, others may set your creative wheels in motion.

Tennis courts. During the summer and in the evenings in spring, summer, and fall, you can rent your courts to the

local municipality or a tennis pro who will run his or her own program. You might also consider starting a tennis club that's open only to members of your school family.

Gymnasium. Rent your gym in the mornings before classes start, in the evenings after sports practices, and on weekends.

Aerobic dance organizations are always looking for new facilities to use. Many area parents and residents enroll in such programs, and letting them use your facilities can be excellent community public relations.

Your local police department would probably jump at the chance to use your weight room, and in exchange, the police would provide better surveillance of your property. You might also provide space for Police Athletic League programs.

Many corporations don't have athletic facilities but do have employees interested in indoor or outdoor sports such as volleyball. In return for using your gym, the company could support your school through ads in the yearbook, equipment for the gym, or a rental fee.

Playing fields. Local businesses and corporations are often on the lookout for a place to hold company games, local community events, or the annual company picnic. Proceeds from rental fees could pay your annual seeding and fertilizing costs.

Unique structures. A charming old building on campus can generate funds in many ways.

For instance, Gill/St. Bernard's owns a Victorian mansion built in 1894 that's available for weddings and corporate parties each weekend. In 1983, the mansion generated over $90,000 in rent. The extra money has financed the building's complete restoration.

You don't have to own a mansion to make this kind of rental succeed. A large dining room in an attractive modern building can work just as well. Word of mouth will probably be your best advertising.

Saturday programs. Develop programs that will cater to your students and area children. For example, consider a drama workshop. It could provide additional income for your staff, good community relations, and an opportunity for young people to have fun without academic pressure.

Our school prepares a musical comedy program called the Saturday Dramatic Arts Workshop that tours during weekends in the spring at the request of area nonprofit organizations such as the YMCA. The program is reimbursed for travel and related expenses, and the sponsoring organization gets the rest of the money -- usually $200 to $1,000 per performance. This type of activity always attracts considerable publicity. It has also attracted new students and raised community awareness of the school's commitment to education.

Evening programs. Survey the area adult education programs and think about what they aren't offering. Is there something one of your faculty members might be interested in teaching, such as woodworking, jewelry-making, painting, or weaving?

Camps. Many administrators consider school-run camps a headache. Camps can create problems, but I believe that if you look at long-term results, they can also have tremendous benefits.

For example, your school can offer a program that permits kids to take enrichment and remedial courses for part of each day and attend camp for the rest. Faculty members can earn two more months of income, usually at a rate similar to their teaching salary, while teaching only four hours per day. Camp participants can experience the excitement of camp and educational enrichment. And the school can benefit from a great way of generating new students.

Obviously, making any of these ideas work requires thoroughness, creativity, and an initial time investment. You must consider such influential factors as insurance and liability coverage, fair yet profitable rents, security deposits, scheduling, and the difficulties of making sure you're renting to responsible groups that will respect your property.

Another frequent question I hear is about the effect of this new revenue on a school's nonprofit tax status. I suggest you discuss your projected income and the relationship of these extra activities to your school's objectives with your school attorney. In many cases the attorney will recommend that you file a Form 990T (on which nonprofit schools report taxable income) and declare the new money as unrelated income. You will have to pay a little tax, but I believe the income and good will you generate are worth it.

Much of the additional work these ideas require can be minimized if you look carefully at the resources available. Chances are your faculty, staff, students, parents, and trustees can contribute ideas on what to try. You never

know where a good idea may come from or who might know someone who can put all the puzzle parts together. Maybe your goal should be to make appropriate buildings (the gym, the art area, a theater, various classrooms) self-sustaining.

The possibilities for new functions and programs are almost endless. The secret to success is creativity -- and looking at your resources from a fresh perspective.

CAMPUS PROJECTS: A CASE SURVEY

Many schools, colleges, and universities have already developed successful revenue-producing activities. We've asked CASE members to share their ideas so that you can discover new ways to raise nonfinancial resources for your institution.

In this chapter we've divided the wide variety of projects into nine categories:

- Investments and financial strategies;
- Land sale, lease, or sale-leaseback;
- Renting facilities and space;
- Profit-making ventures;
- Joint ventures with business and industry;
- Reducing expenditures;
- Nonfinancial resources raised;
- Innovative ways to pay for a college education; and
- Tuition assistance programs.

When considering ways to develop new sources of revenue, don't forget the value of an "old" source -- tuition. Tuition is, and probably always will be, the most important source of revenue for colleges and universities. Many institutions are finding it difficult to maintain their enrollments in the face of a poor economy, steadily rising costs (and subsequent tuition hikes), and reduction in federally sponsored student aid.

At the end of this section, you'll find the methods used by six institutions to generate new sources of financial aid for students. We've also included a roundup of other thought-provoking ideas and methods. These could be designed and implemented according to the particular circumstances and unique character of your institution.

In as many items as possible, we've included for your convenience the name, address, and phone number of the person who can provide more information about a project if you're interested in starting a similar program on your campus.

The ideas collected here are by no means an all-inclusive list. We do hope, however, that you will be able to use these ideas as a springboard to develop programs suitable to the particular resources and needs of your institution.

If your institution has similar projects that can provide new sources of revenue for schools, colleges, or universities, we'd be interested in learning more. You may send a description of your program to "New Sources of Revenue," CASE, Suite 400, 11 Dupont Circle, Washington, DC 20036.

INVESTMENTS AND FINANCIAL STRATEGIES

Financing of renovation and construction: Loyola College in Maryland has initiated a unique program of financing for many of its renovation and construction projects. The program is ongoing and involves refinancing projects. Financing is done through short-term, tax-exempt bonds. Projects were originally paid for with funds earmarked for the endowment fund. To replace the money that had been "borrowed" from the endowment fund, the Maryland Health and Higher Education Facilities Association issued short-term floating notes with one-year maturity dates. The $4.25 million that has been returned to the endowment fund through these notes is invested at a rate of 14 percent which means the notes produce income to the extent of 9 percent net profit. For more information, contact J. Paul Melanson, Vice President of Administration & Finance, Loyola College in Maryland, 4501 N. Charles St., Baltimore, MD 21210, (301) 323-1010, ext. 345.

Using limited partnerships as financing vehicle: Oregon Graduate Center. The Oregon Graduate Center is building a science park on its campus, using limited partnerships as the financing vehicle. For more information, contact F. Paul Carlson, President, or Norman R. Eder, Development Officer, Oregon Graduate Center, 19600 N.W. Walker Rd., Beaverton, OR 97006, (503) 645-1121.

Use of tax-exempt bond issue and legal arbitrage limits to finance construction of new facilities and purchase of computer science equipment: Xavier University. For more information, contact John F. Niehaus, Associate Vice President for Finance and Computer Services, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 745-3111.

Use of installment contracts for the sale of property: Kansas State University Foundation. For more information, contact David L. Weaver, Property Manager, KSU Foundation, 1408 Denison, Manhattan, KS 66502, (913) 532-7166.

Using a portion of endowment as venture capital: Rensselaer Polytechnic Institute, in conjunction with other venture capitalists, is using funds from its endowment as venture capital to fund emerging nontraditional high-tech industries in an effort to develop a high technology center. For more information, contact Bill McGoldrick, Director of Development, RPI, Troy, NY 12181, (518) 266-6053.

Sold interest in Technology Park/Atlanta: Georgia Tech alumni organized this project. In late 1982, Georgia Tech

sold its interest for more than $4 million, with all proceeds going to the Georgia Tech Foundation. For more information, contact Dell Sikes, Assistant Vice President for Institute Relations & Development, Georgia Institute of Technology, Atlanta, GA 30332, (404) 894-5020.

LAND SALE, LEASE, OR SALE-LEASEBACK

Acquisition, trading, and sale of developable land: Kansas State University and the KSU Foundation have arranged a land trade in which approximately 450 acres of land presently owned by the state of Kansas will become the property of the foundation, and an equally valuable amount of foundation property will swing under state control. The trade will allow various facets of the university to better utilize the land involved. For more information, contact David L. Weaver, Property Manager, KSU Foundation, 1408 Denison, Manhattan, KS 66502, (913) 532-7166.

Sale or lease of developable land: The University of Texas at Dallas will ultimately receive tens of millions of endowment dollars and unique opportunities for industry-university partnerships as a result of three significant contributions of land in 1969 and 1975. Roughly 500 acres of prime north Dallas land will be sold or developed for a variety of purposes and a 100-acre strip will be selectively sold or leased to major corporations. For more information, contact S.C. Fallis, Senior Vice President, Office of University Affairs, The University of Texas at Dallas, P.O. Box 830688, Richardson, TX 75083-0688, (214) 690-2250.

Construction of a conference center: The Dallas County Community College District (DCCCD) plans to lease 96 acres of its North Lake campus to a corporation for an initial period of 26 years at $10 million. The corporation will build a nine-hole golf course on the land, and the college district will construct a long-planned conference center, which will be used in conjunction with the district's hotel-motel management program. It will be available as a retreat site for the DCCCD, various local nonprofit organizations, and other entities. Guests of the conference center will have access to the golf course on a prearranged reservation basis. For more information, contact Carole Rolnick Shlipak, Director of Development, Dallas County Community College District, and Executive Director, Dallas County Community College District Foundation, Inc., P.O. Box 50248, Dallas, TX 75250, (214) 746-2457.

Corporate/residential complex: Maryville College has sold a major portion of its unused land for the development of a corporate/residential complex which will be physically compatible with the college and, whenever possible, interface with its programs of study. It is hoped that the corporate office park will provide an opportunity for further growth of the college's Cooperative Education Program and that adjunct faculty as well as prospective students may be recruited from the corporate offices as well as the residen-

tial subdivision. Funds received from the sale of the land will be restricted to endowment. For more information, contact Rosemary Gidionsen, Executive Assistant to the President, Maryville College - St. Louis, 13550 Conway Rd., St. Louis, MO 63141, (314) 576-9330.

Industrial/research parks:

The Oregon Graduate Center is currently building a science park on its campus. A $120-million project involving more than 160 acres, the Science Park is designed to attract research and development operations of high-technology companies. A Portland firm will build and manage the park, lease the facilities to tenants, and pay land rental to the Oregon Graduate Center. Ownership will ultimately revert to OGC. For more information, contact F. Paul Carlson, President, or Norman R. Eder, Development Officer, Oregon Graduate Center, 19600 N.W. Walker Rd., Beaverton, OR 97006, (503) 645-1121.

Rensselaer Polytechnic Institute is launching a three-pronged effort to develop a high-technology center: small high-tech companies are renting certain school facilities; a large technology park is planned on RPI-owned property; and New York State has granted RPI a $30 million, 40-year, interest-free loan to construct the Center for Industrial Innovation. RPI is using a portion of endowment as venture capital to fund, in conjunction with other venture capitalists, emerging nontraditional high-tech industries. For more information, contact Bill McGoldrick, Director of Development, RPI, Troy, NY 12181, (518) 266-6053.

Leasing land for construction of a hotel: Kansas State University Foundation is leasing land for construction of a hotel next to the university to provide a facility for university activities. For more information, contact David L. Weaver, Property Manager, KSU Foundation, 1408 Denison, Manhattan, KS 66502, (913) 532-7166.

Lease of agricultural lands: University of Missouri-Columbia leases agricultural lands for crops, grazing, and so forth, when they are not being used for instruction or research. For more information, contact James Reid, Agricultural Experiment Station, UMC, Columbia, MO 65211, (314) 882-8295.

RENTING FACILITIES AND SPACE

Renting facilities for conferences:

Marylhurst College Education Center, doing business as the Marylhurst College for Lifelong Learning, annually receives up to one-third of its operating revenue from leasing and conferences. In 1974 Marylhurst College closed as an undergraduate college for young women, and Marylhurst Education Center opened as a commuter college for adults. Eight dormitories thus became available for other uses. One is available for overnight or several-day conferences. One-day conferences are also held in a variety of campus locations. For more information, contact Mike McLees, Director of Auxiliary Operations, Marylhurst College for Lifelong Learning, Marylhurst, OR 97036, (503) 636-8141.

To stimulate more food service and housing revenues in the summer, St. Mary's College has initiated a conference-center approach with a summer director of conferences and a regional mailing of a brochure. In 1982-83 the college realized $300,000 in gross revenue from nonstudent food service activities and housing rentals. For more information, contact James Berg, Business Manager, Saint Mary's College, Winona, MN 55987, (507) 452-4430.

Gesell Institute Workshop: A Gesell Institute Workshop is held at the Ensworth School. The school arranges the logistics and a Gesell Institute representative leads the workshop. A number of scholarships are awarded by the Institute, depending on workshop enrollment. For more information, contact Ann P. Fay, Development Officer, The Ensworth School, Ensworth Avenue, Nashville, TN 37205, (615) 383-0661.

Evening rental of classrooms and other facilities to individuals and groups: Maria Regina College. For more information, contact Brother Michael Russo, O.S.F., Director of Development and Alumnae Affairs, Maria Regina College, 1024 Court St., Syracuse, NY 13208, (315) 474-4891, ext. 36.

Rental of facilities: The Elliott-Pope Preparatory School, formerly the Desert Sun School, rents its dormitories, dining facilities, and athletic fields to sports camps and other camp groups. For more information, contact Pamela Thibeau, Business Manager, The Elliott-Pope Preparatory School, P. O. Box 338, Idyllwild, CA 92349, (714) 659-2191.

Rental of grounds and facilities: Lake Forest Academy-Ferry Hall is generally used during nonacademic periods for weddings and receptions, picnics, conferences, private parties,

athletic camps, tours, and even commercials and movies. There is also a summer program. For more information, contact Martha Y. Paquette, Director of Auxiliary Services, Lake Forest Academy-Ferry Hall, 1500 West Kennedy Rd., Lake Forest, IL 60045, (312) 234-3210.

Lease of facilities: The Menaul School leases its facilities to the University of New Mexico for a microcomputer school, serving children from nine years old through high school. Facilities are also leased for a four-day yearbook workshop sponsored by Roger Ordway. For more information, contact Conrado Gutierrez, Acting President, Menaul School, 301 Menaul Blvd., N.E., Albuquerque, NM 87107, (505) 345-7727.

Renting dining and meeting rooms and dormitory facilities: At Xavier University, dining and meeting rooms are available on rental basis for weddings, receptions, etc. For more information, contact Eileen Rahe, (513) 745-3201. Educational groups meet in the summer and use dining and housing facilities. Contact Lauri Thomas at (513) 745-2304 about room and board accommodations during the summer. Dormitory and dining facilities are rented to Berlitz School of Languages on a year-to-year basis for foreign student programs. Contact Peg Dillon, Dean of Students, Edgecliff Campus, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 961-3770.

Renting unused space: Dana Hall School renovated part of the auditorium for offices, then rented it to another nonprofit organization. The school also rents two dormitories to a nearby college. For more information, contact Peter J. McCone, Business Manager, Dana Hall School, 45 Dana Rd., Wellesley, MA 02181, (617) 235-3010.

Converting dormitories to office space: Marylhurst College for Lifelong Learning remodeled dormitories that were no longer in use into offices. At present, tenants include 25 nonprofit agencies. Annual lease income is approximately $500,000 gross. For more information, contact Mike McLees, Director of Auxiliary Operations, Marylhurst College for Lifelong Learning, Marylhurst, OR 97036, (503) 636-8141.

Renting boarding facilities to faculty for residences: The Baldwin School turned boarding facilities into residences for faculty in 1973 at a cost of $150,000. Next year the rentals will bring in about $70,000 of income. Rent is slightly less than nearby apartments. For more information, contact Gwinn H. Scott, Director of Development, The Baldwin School, Bryn Mawr, PA 19010, (215) 527-1814.

Renting recreation facilities: Xavier's recreation facilities are rented by hospitals and other health agencies for patients' physical therapy sessions. Memberships in the recreation facilities are available to alumni and to corporations for executive use. For more information, contact James McCafferty, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 745-3422.

Time-sharing of university's academic and administrative computers with local hospitals and high schools on rental basis: Xavier University. For more information, contact John F. Niehaus, Associate Vice President for Finance and Computer Services, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 745-3111.

PROFIT-MAKING VENTURES

Own and operate farms, residential multifamily units: Kansas State University. For more information, contact David L. Weaver, Property Manager, KSU Foundation, 1408 Denison, Manhattan, KS 66502, (913) 532-7166.

TV/Radio: Since 1955 the University of Notre Dame has owned and operated, through a subsidiary corporation, Michiana Telecasting Corp., WNDU-TV and WNDU-AM. In 1962, WNDU-FM was added. The television station is a commercial NBC affiliate, and the radio stations are also commercial operations. More recently, satellite uplinking facilities have been built as well as a fiber-optic interconnection between the satellite antennas and several Notre Dame facilities, including the Center for Continuing Education, which is the primary conference center on the campus. The WNDU stations also offer telecommunications courses and internship opportunities to communications students. For more information, contact Bazil O'Hagan, President and General Manager, The WNDU Stations, Box 1616, South Bend, IN 46634, (219) 239-1616.

Income from a foundation: California School of Professional Psychology receives support from an operating foundation (the California NEXUS Foundation) designed to further research and training in mental health-related fields. The foundation was founded by the trustees of CSPP. The foundation receives grants from other foundations and individuals to conduct specific research projects. CSPP faculty and students participating in the projects receive stipends and the school also receives additional support from the foundation in the form of indirect expenses. In 1981-82 NEXUS income to CSPP totalled $23,000. For more information, contact CSPP Vice President Don W. Miller, Program Director, California NEXUS Foundation, California School of Professional Psychology, 2152 Union St., San Francisco, CA 94123, (415) 346-4500.

Providing courses for the community:

Dodge City Community College offers a program to train motorcycle riders in safety and usage of the cycle. The motorcycles are provided by two local dealers. For more information, contact David White, Dodge City Community College, 14th and Highway 50 Bypass, Dodge City, KS 67801, (316) 225-1321.

The South Dakota School of Mines & Technology offers several courses for area people. Some are credit and some non-

credit, and they are often offered in response to requests from the community. Examples include a "Women in Construction" course and a crash course on how to buy computers. SDSM&T also sponsors a series of breakfast lectures which generates good public relations and often brings participants back for credit courses. A free four-session course on the geology of the Black Hills and Badlands was offered last spring to generate interest in a one-credit field course on the same subject. For more information, contact Dr. Sidney Goss, College Relations Office, or Ruth Anne Stymiest, Director of Public Information, South Dakota School of Mines & Technology, Rapid City, SD 57701, (605) 394-2480.

Springfield College in Illinois is instituting an adult education program with seed money from a Fund for the Improvement of Post-secondary Education (FIPSE) grant. Adults can earn an Associate in Arts degree. The program offers competency-based Liberal Arts, Preprofessional Child Care and Education, and Premanagement curricula. For more information, contact Karen M. Garber, Director, Adult Program, Springfield College in Illinois, 1500 North Fifth St., Springfield, IL 62702, (217) 525-1420, ext. 29.

Providing courses for nursing students:

Maria Regina College offers courses for nursing students at nearby hospitals. The courses are offered in-house and on campus. For more information, contact Sister Edward Daniel, Academic Dean, Maria Regina College, 1024 Court St., Syracuse, NY 13208, (315) 474-4891.

Springfield College in Illinois provides a curricular program for nurses receiving technical training in a teaching hospital. Through the program nurses receive an A.A. degree from Springfield. An accelerated nurses' program is also offered. For more information, contact Sister Francis Marie Thrailkill, President, Springfield College in Illinois, 1500 North Fifth St., Springfield, IL 62702, (217) 525-1420, ext. 20.

Xavier University provides education services for three area hospital schools of nursing on contract basis, for degree completion programs. For more information, contact Dr. Roger Fortin, Dean, Edgecliff Campus of Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 961-3770.

Consultant services to hospitals: At Xavier University, the Graduates Program in Health and Hospital Administration pro-

vides consultant services for 20 area hospitals in management and administrative services. For more information, contact Dr. Edward Arlinghaus, Graduates Program in Health & Hospital Administration, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 745-3392.

Early childhood center: Bryn Mawr School runs an early childhood center and extended day program (full-year facility). For more information, contact Jean Hawley, Director, The Little School, Bryn Mawr School, 109 W. Melrose Ave., Baltimore, MD 21210, (301) 323-8800.

Sports camps and summer programs:

The Baldwin School has a day camp that nets about $20,000. It is supported by local area students and costs Baldwin relatively nothing as far as the use of the school is concerned. For more information, contact Gwinn H. Scott, Director of Development, The Baldwin School, Bryn Mawr, PA 19010, (215) 527-1814.

The Fay School. Summer academic program: contact John Rodgers, Assistant Headmaster. Summer soccer program: contact Paul Fleming, Business Manager, The Fay School, Inc., 48 Main St., Southboro, MA 01772, (617) 485-0100, ext. 34 or 72.

Smith College is developing a series of summer programs designed to produce modest revenue and enable the college to spread its overhead costs over more than the academic year. A management development program for corporate women is now entering its fourth year. Two new programs were developed -- an introduction to microcomputers and a program in botany and horticulture. An adult sports and fitness program continues to be successful. For more information, contact Ann E. Shanahan, Director of Public Relations, Smith College, Northampton, MA 01063, (413) 584-2700, ext. 2121.

Tenacre Country Day School has an eight-week day camp for boys and girls, preschool through junior high age. Tenacre's Compu-Camp, for children 10 to 17, provides students with an understanding of computers and how they work. Adult courses are also available. The Tenacre Creative Arts School operates during the academic year. For more information, contact David Taylor, Business Manager, Tenacre Country Day School, 78 Benvenue St., Wellesley, MA 02181, (617) 235-2282.

Woodberry Forest. Coeducational summer school program includes 18 electives and five special programs to serve

particular student needs and interests. A four-week sports camp, for boys between the ages of 10 and 13, teaches basic skills in a number of sports. For more information, contact Richard J. O'Hara (Summer School) or Harry W. Caughron (Sports Camp) at Woodberry Forest School, Box 2, Woodberry Forest, VA 22989, (703) 672-3900.

Computer club: Pacific Lutheran University. For a minimal membership fee, individuals, families, or businesses can obtain basic instruction and use the computers. For more information, contact Scott Morgan, Director, Microcomputer Research Center, Pacific Lutheran University, Tacoma, WA 98447, (206) 535-8712.

Microprocessor kit: The South Dakota School of Mines & Technology plans to offer an SDSM&T-developed microprocessor kit in the near future, both to other colleges and to individuals who wish to build their own microprocessor for classroom or private use. For more information, contact Ruth Anne Stymiest, Director of Public Information, or Dr. Richard Gowen, Vice President and Dean of Engineering, South Dakota School of Mines & Technology, Rapid City, SD 57701, (605) 394-2480.

Bingo: Lake Erie College has operated bingo on its campus for five years to help fund the scholarship program. Local volunteer organizations such as the American Field Service and Big Brothers help operate the games and share in the revenues ($160,000 net, per annum). A volunteer coordinates the program for the college and other agencies involved. For more information, contact Mrs. John C. Long, 7926 Hermitage Rd., Painesville, OH 44077, (216) 357-6484.

Arts projects:

Theater benefit: Cleveland State University is establishing an endowed fund for its theater through an annual theater benefit, first held in March 1983. For more information, contact Bob Beach, Jr., Director of Development, Cleveland State University, Room 203 University Hall, Cleveland, OH 44115, (216) 687-3552.

Concert recording: The Community College of Rhode Island Foundation is producing a limited edition recording of a concert of notable jazz artists. The concert dedicated the college's theater to the famed cornetist, Bobby Hackett. The record will raise funds for the college's "Bobby Hackett Fund for Music Scholarships and the Performing Arts." For more information, contact Elizabeth S. Palter, Director of

Development, Community College of Rhode Island, Flanagan Campus, Lincoln, RI 02865, (401) 333-7256.

Annual fund-raising benefit dinner/performing arts event: Sponsored by the National College of Education, much of the cost is underwritten (i.e., flowers, liquor, decorations, etc.). For more information, contact Donna Crane, Director of Annual Giving, Development Office, National College of Education, 2840 Sheridan Rd., Evanston, IL 60201, (312) 256-5150, ext. 209.

Sports and travel:

Golf Day & Tennis Day: National College of Education. Professional golfers' expenses are covered; travel, hotel, and many other items relating to this event are also underwritten (liquor, flowers, caddies, golf balls, tennis towels, etc.). For more information, contact Dave McGowan, Director of Corporate Relations, National College of Education, 2840 Sheridan Rd., Evanston, IL 60201, (312) 256-5150, ext. 209.

Film travelogue series: The District 17 (Washington) Community Colleges Foundation sponsors a film travelogue series each year. The proceeds of about $3,000 a year are used for scholarships and other special projects. For 1983-84 the foundation found a sponsor to pay all direct costs of the travelogue series. This will triple the income from the series for the foundation. For more information, contact Jane A. Johnson, Director of Communications and Development, Community Colleges of Spokane, N2000 Greene St., Spokane, WA 99207, (509) 536-7427.

Alumni Bed and Breakfast Program: National College of Education alumni who participate in this program offer their homes to other alumni for a one or two night stopover. The cost is only $12 per person per night. The alumni host or hostess sends the money to the National College of Education annual fund. For more information, contact Marge Scott, Alumni Office, National College of Education, 2840 Sheridan Rd., Evanston, IL 60201, (312) 256-5150, ext. 287.

Services for nonstudents:

Providing services on grounds to nearby day school for a fee: For more information, contact Peter J. McCone, Business Manager, Dana Hall School, 45 Dana Rd., Wellesley, MA 02181, (617) 235-3010.

Providing food service for nonstudents: St. Mary's College realized $245,000 in 1982-83 in gross revenue from nonstudent food service activities (banquets, wedding receptions, family reunions, summer meetings, vending machines, and so forth). The college has a liquor license and one of the largest, best-equipped dining facilities in Winona. Dining room capacity is 500 but larger banquets can be managed in the adjoining field house. The college runs its own food service and has a good reputation in the Winona area for quality and service. The college also owns the vending machines on campus and deals directly with suppliers. For more information, contact Larry Gilhooly, Food Service Director, St. Mary's College, Winona, MN 55987, (507) 452-4430.

Registering names and symbols for licensing: Georgia Institute of Technology has just completed registering all of Tech's names and symbols and expects the licensing of the names and symbols to be a revenue producer. For more information, contact John P. Culver, Assistant Vice President, Institute Relations & Development, Georgia Institute of Technology, Atlanta, GA 30332, (404) 894-2454.

Charging for copies of auto license/registration information, police reports: The University of Missouri Police Department charges other campus users who do not have terminals for auto license/registration information, which the campus can obtain through a computer terminal tie-in with the State of Missouri Department of Revenue. It also charges the general public for copies of various police reports (such as burglary and accident reports requested by insurance companies) to offset administrative reproduction costs. For more information, contact Ron Mason, Chief of University Police, University of Missouri-Columbia, Columbia, MO 65211, (314) 882-7201.

Services for students:

College shop: The Collegiate Schools have a campus shop in the lobby of the gymnasium. It sells a variety of school items such as shirts, sweaters, banners, cups, glasses, and so forth. There is a paid staff member in charge, and volunteer help is used. No new construction was involved; an area of the lobby that was not being used was enclosed. For more information, contact Mrs. Meade Williams, The Collegiate Schools, North Mooreland Rd., Richmond, VA 23229, (804) 740-7077.

Collecting from third-party health insurers for in-patients in infirmary, which is a licensed hospital: Dana Hall School. Also available for students in a nearby independent school. For more information, contact Peter J. McCone, Business Manager, Dana Hall School, 45 Dana Rd., Wellesley, MA 02181, (617) 235-3010.

Selling firewood: The Ensworth School was hit by a tornado in 1981 which left a large number of fallen trees on the campus. The school sent a hastily-produced flyer to all constituencies, offering to deliver a rick of firewood for a $100 donation. A volunteer group of fathers and older students delivered the wood on two weekends, and the donations paid not only for the tree clean-up but also for planting new trees. For more information, contact Ann P. Fay, Development Officer, The Ensworth School, Ensworth Ave., Nashville, TN 37205, (615) 383-0661.

Clothing Exchange: At the Seven Hills School, part of the funding for non-budgeted items -- ranging from a new van to computers to playground equipment -- is derived from the Clothing Exchange. Sponsored by the school, the Clothing Exchange sells clothing and household items that have been donated or placed on consignment by Seven Hills parents, alumni, and friends. The operation is administered by a paid manager and is staffed by volunteers six days a week. Their motto: "We'll take anything we don't have to feed." For 1982-83, the profits of the Clothing Exchange were $52,000. For more information, contact Thorne Butler, Dean for Institutional Advancement, The Seven Hills School, 5400 Red Bank Rd., Cincinnati, OH 45242, (513) 271-9027, ext. 29.

Activity Center: At Frank Phillips College, construction of a new Activity Center began in September 1982; projected cost is $2.8 million. The first floor of the center will have an indoor swimming pool, raquetball courts, and gymnasium; the second floor will include a complete health center with whirlpool, sauna, and weight rooms. Memberships in the health center will also include use of all the first floor facilities. It will be a community center for the Borger, Texas, community, and it began with a donation of $1.5 million from Phillips Petroleum Company. Frank Phillips College donated $500,000 and the land for the site of the center, and the center will be a community-wide facility. For more information, contact Andy Hicks, Ed.D., President, Frank Phillips College, P.O. Box 5118, Borger, TX 79007, (806) 274-5311.

JOINT VENTURES WITH BUSINESS AND INDUSTRY

Advanced Technology Development Center: Georgia Institute of Technology, in cooperation with the State of Georgia and the Office of the Governor, is supporting the ATDC, which is dedicated to the stimulation of high-technology growth and innovation. The ATDC will help entrepreneurs identify profit markets and locate venture capital. It will assist industry in developing new high-technology products and alternative energy resources. For more information, contact Jerry Birchfield, Director, ATDC, Georgia Institute of Technology, Atlanta, GA 30332, (404) 894-3575.

Center for Industrial Innovation: Rensselaer Polytechnic Institute is building a 200,000-square foot engineering center, funded by a 40-year interest-free loan from New York State. The center will contain 3 interdisciplinary teaching and research centers funded by industrial gifts, research, and government research. Centers are computer graphics, manufacturing productivity, and microelectronics. For more information, contact Bill McGoldrick, Director of Development, RPI, Troy, NY 12181, (518) 266-6053.

The Manufacturing Engineering Consortium: The Mechanical and Industrial Engineering Department at the University of Texas at El Paso established the consortium to provide support for graduate students and applied engineering research in manufacturing engineering and to assist industry by providing special educational programs and solving manufacturing problems. Each company involved provides a $7,500 annual gift to be used for graduate student stipends, supporting equipment, and supplies. A technical liaison contact person helps direct the program and provides technical interaction with the company. For more information, contact Dr. Robert L. Reid, Chairman, Department of Mechanical and Industrial Engineering, University of Texas at El Paso, El Paso, TX 79968, (915) 747-5450.

Center for Economic Development: The Center for Economic Development was established at the University of Texas at San Antonio as an organization devoted to public service in an effort to mobilize the resources of the university to impact on the economy of South Texas. The center offers management and technical assistance to small and intermediate-sized business firms as well as to local, regional, and state agencies in South Texas. For more information, contact Jude Valdez, Center for Economic Development, College of Business, University of Texas at San Antonio, San Antonio, TX 78285, (512) 224-1945.

Students working for industry:

Spokane Community College students who took classes in fluid power technology worked for three years to rebuild two aluminum chip balers for Wagstaff Engineering Inc., a company that manufactures casting molds for aluminum ingots. The SCC students designed new hydraulic and electrical circuits, selected components, machined parts, and assembled and tested the new system. This field project resulted in a donation of equipment to the District 17 Community Colleges Foundation. Wagstaff purchased a new $6,200 Cammann Metal Disintegrator and donated it to the SCC program. For more information, contact Dean Croskrey, Fluid Power Instructor, Spokane Community College, N1810 Greene St., Spokane, WA 99207, (509) 536-7118.

At the South Dakota School of Mines & Technology, computer science students are offering their services to business people to help set up a computer program. Students were paid (quite well), and in some cases the work led to summer jobs. The program is continuing, primarily through word-of-mouth. The department did not initially receive any revenue but this will probably be changed, with a "service charge" similar to what an employment bureau would do. For more information, contact Ruth Anne Stymiest, Director of Public Information, at (605) 394-2480 or Dr. David Ballew, Mathematical and Computer Sciences Department, at (605) 394-2471, South Dakota School of Mines & Technology, Rapid City, SD 57701.

REDUCING EXPENDITURES

Energy conservation:

Dana Hall School used $225,000 from government, foundations, and the school's plant fund for investment in energy conservation in the past four years and avoided $540,000 in energy consumption costs. For more information, contact Peter J. McCone, Business Manager, Dana Hall School, 45 Dana Rd., Wellesley, MA 02181, (617) 235-3010.

Dodge City Community College: Farmers built alcohol stills to use on the farm to create energy for motors. This was successful until gas became more plentiful. For more information, contact Jerry Gee, Dodge City Community College, 14th and Highway 50 Bypass, Dodge City, KS 67801, (316) 225-1321.

Using the college's own craftsmen to perform all or part of new construction or renovation projects: Chowan College uses its own small staff of highly skilled craftsmen in the maintenance department to save thousands of dollars annually. For example, installation of wiring, plumbing, heating, air conditioning, and landscaping on Graphic Communications Center cost $151,600, saved $75,000; renovation of men's dormitory cost $112,000, saved $56,000. For more information, contact Jack Hassell, Superintendent of Building and Grounds, or Ben C. Sutton, Business Manager, Chowan College, P.O. Drawer 37, Murfreesboro, NC 27855, (919) 398-4101.

Saving on utility costs: Chowan College purchased underground electrical utility equipment from the utility company for a one-time cost of $50,000, reducing current utility charges by $940 per month. The college also installed a computer to monitor and control electric utility maximum load to prevent future rate increases. For more information, contact Ben C. Sutton, Business Manager, or Jack Hassell, Superintendent of Building and Grounds, Chowan College, P.O. Drawer 37, Murfreesboro, NC 27855, (919) 398-4101.

Close cooperation with nearby high school in security and fund raising: Maria Regina College. For more information, contact Brother Michael Russo, O.S.F., Director of Development and Alumnae Affairs, Maria Regina College, 1024 Court St., Syracuse, NY 13208, (315) 474-4891, ext. 36.

Satellite maintenance units to enhance productivity and increase efficiency in the use of personnel and vehicles: University of Missouri-Columbia. For more information, contact Gaetano P. Russo, Director of Campus Facilities, University of Missouri-Columbia, 111 General Services Building, Columbia, MO 65211, (314) 882-2661.

Requesting bids for contracting of certain services currently being performed by university personnel: University of Missouri-Columbia. Cost savings from this approach are expected in some of the following areas: fire extinguisher service, trash removal service, and custodial service (on a limited basis). For more information, contact Gaetano P. Russo, Director of Campus Facilities, University of Missouri-Columbia, 111 General Services Building, Columbia, MO 65211, (314) 882-2661.

Bus maintenance agreement: The North Shore Country Day School agreed to pay a specific monthly amount into a money market account for 48 months. All bus repairs during the 48-month period are charged to the money market account. All remaining funds in the account go to the bus repair service company at the end of the 48 months. This plan gives the school a fixed monthly service cost for four years and causes the bus service company to service the buses on a preventive maintenance basis in order to have as much cash as possible in the money market account at the end of the period. For more information, contact Robert E. Beerheide, Business Manager, The North Shore Country Day School, 310 Green Bay Road, Winnetka, IL 60093, (312) 446-0674.

NONFINANCIAL RESOURCES RAISED

Alphabetically, by institution

Caldwell College obtained donations of science equipment from one foundation. Used science equipment has been obtained from two pharmaceutical companies undergoing laboratory disposals. A variety of additional equipment will be obtained via a new membership in the National Association for the Exchange of Industrial Resources. For more information, contact Maureen Lally, Grants Administrator, Caldwell College, Caldwell, NJ 07006, (201) 228-4424, ext. 307.

Chowan College has a nationally recognized department of graphic communications. Over the years, it has received substantial donations of used printing equipment from newspapers and printers. Chowan has also received gifts of new equipment for teaching purposes and research from equipment manufacturers. Recently a high-speed computerized typesetting machine was donated by Mergenthaler Linotype Company. Value of the machine, with its related equipment and accessories, is $153,000. For more information, contact Herman Gatewood, Chairman, Graphic Communications Department, Chowan College, P.O. Drawer 37, Murfreesboro, NC 27855, (919) 398-4101.

Community Colleges of Spokane received a donation of equipment from Wagstaff Engineering Inc. Wagstaff purchased a new $6,200 Cammann Metal Disintegrator and donated it to Spokane Community College. For more information, contact Dean Croskrey, Fluid Power Instructor, Spokane Community College, N1810 Greene St., Spokane, WA 99207, (509) 536-7188.

Davidson College: Gifts-In-Kind Program. Some 28 southeastern colleges are cooperating with Davidson in a test to determine the potential for gifts-in-kind from corporations. The program is designed to solicit gifts from corporations and to barter, where necessary, the gifts between the colleges to find the optimum use. Types of corporate gifts include a WATS system and office equipment, laboratory glassware, plexiglass mirrors, periodicals from a pharamaceutical company, frozen beef from a processor, a grand piano, laboratory equipment, and an automobile. For more information, contact James W. Herring, Director, "Gifts-In-Kind" Program, Davidson College, Davidson, NC 28036, (704) 892-2000.

The Ensworth School receives a major portion of its annual audit from an accounting firm. Basically, the auditors donate their time and the school pays only for the clerical

part. For more information, contact Ann P. Fay, Development Officer, The Ensworth School, Ensworth Ave., Nashville, TN 37205, (615) 383-0661.

Georgia Institute of Technology has received numerous donations, among them: computers, radio transmitter for student FM station, various laboratory equipment, Boeing flight simulator, word processors. From July 1, 1982, to January 1, 1983, Georgia Tech received over $2.5 million in equipment (mostly computers) gifts from corporations. For more information, contact Dell Sikes, Assistant Vice President for Institute Relations & Development, Georgia Institute of Technology, Atlanta, GA 30332, (404) 894-5020.

The Good Hope School's Land Bank Program was suggested by a trustee/realtor as a device to expand the school's limited base of gift resources. Some property owners on the island of St. Croix in the U.S. Virgin Islands hold undeveloped land for which they have no plans and on which they continue to pay property taxes.

In certain tax brackets, the personal income tax deductions available to donors of land to the school are substantial. (For example, it is possible for the donor to deduct most or all of the appraised fair market value of such donated property from adjusted gross income, resulting in lower tax liability, with actual cash savings. This can be carried forward and deducted in the succeeding five years. Capital gains are disallowed.)

A letter was sent to potential donors noting that federal regulations permit and encourage donations of real property to nonprofit institutions. The school sells the land and adds the proceeds to its scholarship fund. Since the program began in 1979, 10 pieces of real estate have been transferred to the school, including undeveloped plots, three houses, and one condominium. Total asset value of the properties is $650,000. For more information, contact Betty M. Dale, Development Director, The Good Hope School, Frederiksted, St. Croix, U.S. Virgin Islands 00840, (809) 772-0022.

Kansas State University Foundation has received gifts of farmland, cattle, horses, sheep, cattle semen, Artificial Insemination certificates; gift of stock of farming corporation with assets composed of machinery, livestock, land, improvements, and mineral resources. The farming corporation is valued at more than $1.8 million. Property transferred to the foundation includes 1,230 acres of farmland, a purebred Angus herd of 400 animals, farm buildings, machinery, and one-third interest in a prize Angus bull,

"General J.J. Patton." For more information, contact David L. Weaver, Property Manager, Kansas State University Foundation, 1408 Denison, Manhattan, KS 66502, (913) 532-7166.

Lake Forest Academy-Ferry Hall: Five houses were given to the school by Condell Memorial Hospital of Libertyville, Illinois, during the hospital's expansion program. Donating the houses to the school saved the hospital the cost of demolishing them and helped the school with its need for additional faculty housing. The houses were built in the 1950s. The cost of moving the houses to their new sites and remodeling them is estimated at $250,000 compared to the cost of building them which would be about $400,000. For more information, contact Kevin R. Petschow, Director of Publications and Information Services, Lake Forest Academy-Ferry Hall, 1500 West Kennedy Rd., Lake Forest, IL 60045, (312) 234-3210.

Maria Regina College received office furniture and equipment, donated by a local bank; free advertising (public service spots) on radio and TV; audio-visual hardware donated by faculty members; and masonry work on campus performed at cost by a local contractor. For more information, contact Brother Michael Russo, O.S.F., Director of Development and Alumnae Affairs, Maria Regina College, 1024 Court St., Syracuse, NY 13208, (315) 474-4891, ext. 36.

National College of Education: Meals for president's council meetings (twice a year) are donated by various trustees. Several trustees provide the use of their private country clubs to entertain prospective donors and friends. Printers donate the printing costs for various benefit invitations, Golf Day programs, solicitation pieces, stationery, etc. Friends have donated the cost of printing plates for printing that is done over several years time. Other gifts include: musical instruments given to the Demonstration School; computers; paper given by a major corporation for duplicating educational Adopt-A-School material; used Xerox equipment from a major corporation; the use of specific office equipment in conjunction with an educational program; architectural services in planning or reorganizing structural changes in the college; educational equipment, materials, and supplies donated by corporations or individuals who have a specific interest in the college and its programs. For more information, contact Donna Crane, Director of Annual Giving, Development Office, National College of Education, 2840 Sheridan Rd., Evanston, IL 60201, (312) 256-5150, ext. 209.

North Shore Country Day School: A computer was financed by two school families over a period of 48 months with a pur-

chase option at the end of the 48-month period. For more information, contact Robert E. Beerheide, Business Manager, The North Shore Country Day School, 310 Green Bay Rd., Winnetka, IL 60093, (312) 446-0674.

Pacific Lutheran University: Gifts include a small TV recorder-player (estimated value, $2,000); computer equipment for institutional use (estimated value, $15,000); 4054 computer for instruction purposes (estimated value, $16,000); a blower for sewage treatment system (estimated value, $10,000); equipment for TV studio instruction (estimated value, $133,000); a violin (estimated value, $5,000); equipment for engineering station (estimated value, $5,300); and mini-computer (estimated value, $36,945). For more information, contact Molly Edman, Director of Corporate and Foundation Funding, Pacific Lutheran University, Tacoma, WA 98447, (206) 535-7419.

Reinhardt College: Gifts-in-kind in the last five to eight years: (1) Gifts toward construction: concrete blocks, acoustical ceiling, doors and windows, carpet, pre-engineering structures (20,000-square foot building, 8,000-square foot building, and 600-square foot shed), gravel, bricks, lumber, architectural services, supervisory services. (2) Gifts toward renovation: carpet, office furnishings and equipment, stage lighting equipment and props, air conditioners. (3) Other: sold timber and used parts in construction projects; vehicles (three pickups, one car, one electric car); $100 per month vehicle lease; art supplies (clay and matte board); works of art; sound system; and physical education equipment. For more information, contact McDonald Willis, Vice President for Development, Reinhardt College, P.O. Box 128, Waleska, GA 30183, (404) 479-1454.

Rensselaer Polytechnic Institute receives several million dollars annually in gifts of equipment. For more information, contact Bill McGoldrick, Director of Development, RPI, Troy, NY 12181, (518) 266-6053.

St. Timothy's School: A letter soliciting gifts of cars was sent to alumnae and present and former parents within two hours' driving time of the school. Three cars were donated and of these, one was sold, one was a station wagon the school is using, and one was swapped for another station wagon for school use. The school also received an outright donation of a horse van. Funds received for the car project were designated for the support of the school's transport. For more information, contact Mrs. Cunningham Finch, Director, Resource Development, St. Timothy's School, Stevenson, MD 21153, (301) 486-7400.

South Dakota School of Mines & Technology: A local businessman donated a condominium that has been used for housing VIPs, interviewees, small meetings, and so forth. Local businesses often donate materials for projects taking place on and off campus. Last year students built a memorial fountain for flood victims to observe the tenth anniversary of the Rapid City flood which claimed more than 200 lives. When students ran out of funds, many businesses contributed not just money but concrete and other supplies. In another project SDSM&T is leasing a computer for a number of years at the end of which the computer will be donated to the school. For more information, contact Ruth Anne Stymiest, Director of Public Information, South Dakota School of Mines & Technology, Rapid City, SD 57701, (605) 394-2480.

Tulane University's Real Estate Project has generated a substantial amount of interest, a number of inquiries, and some gifts of real estate. A member of Tulane's development staff is a registered real estate agent and coordinates relationships with the real estate professionals in the community. For more information, contact John L. Martinez, Director of Planned Gifts, 215 Hebert Building, Tulane University, New Orleans, LA 70118, (504) 865-5751.

The University of Texas at Dallas received three significant contributions of land in 1969 and 1975. For more information, contact S.C. Fallis, Senior Vice President, Office of University Affairs, The University of Texas at Dallas, Box 830688, Richardson, TX 75083-0688, (214) 690-2250.

Woodberry Forest School received gifts (from a trustee in the road construction and paving business) of road paving, construction of athletic fields, and earth moving. For more information, contact Peter G. Rice, Woodberry Forest School, Woodberry Forest, VA 22989, (703) 672-3900.

Xavier University: Solicitation of equipment for audio-visual, television, and radio studios, and theater equipment. Contact John Murphy (theater), (513) 745-3613, Dave Smith (TV), (513) 745-3461, and James King (radio), (513) 745-3739. Use of corporate ad agencies or graphic departments for design and printing of campaign brochures. Contact James W. Sassen, Vice President, Development and Public Information, Xavier University, 3800 Victory Parkway, Cincinnati, OH 45207-1096, (513) 745-3335.

INNOVATIVE WAYS TO PAY FOR A COLLEGE EDUCATION

Prepaid tuition for all four years: Washington University in St. Louis offers this plan. Students pay for all four years at the tuition rate effective when they are freshmen; the university then invests the money. The interest on this investment compensates the institution for the higher tuition the students would have paid in their later college years. If the parents borrow the money for tuition payments, they can take a tax deduction for interest on the loan. An installment option is available in which the university lends the money for tuition prepayment; the annual interest rate for loans made in 1983 was 11 percent. The maximum repayment period is eight years. For more information, contact John H. Biggs, Vice Chancellor for Administration and Finance, Washington University, St. Louis, MO 63130, (314) 889-5151.

Private loan program: Tulane University has increased its financial aid budget and has designed a private loan program. It is meant to be a last resort for students who cannot borrow through the Guaranteed Student Loan Program. A local bank will make loans from its funds and Tulane will act as guarantor. In addition, the university contributed almost $4 million toward financial aid grants in 1982. For more information, contact Thomas P. Lovett, Director of Financial Aid, Tulane University, 6823 St. Charles Ave., New Orleans, LA 70118, (504) 865-5711.

Fellowships and job opportunities: Cornell University has developed an innovative approach to reduce student debts through a new program called The Cornell Tradition, made possible by a $7 million gift from alumni and friends of the university. Fellowships up to $2,000 are awarded to replace loans in the financial aid packages of students who demonstrate exceptional motivation, good scholarship, a willingness to help pay for educational costs, and participation in community activities. In addition, a network of alumni throughout the country is helping to develop summer job opportunities for Cornell students with an emphasis on career-related employment. The Cornell Tradition fund subsidizes the wages of students working in either the private or public sector if the employer created a new job opportunity. Subsidies are also provided to save summer jobs scheduled for cutbacks. For more information, contact Caroline A. Nisbet, Program Director for Student Employment, Cornell University, 203 Day Hall, Ithaca, NY 14853, (607) 256-3497.

Support from alumni: Eureka College contacted all alumni and many friends for a special one-time "Adopt-A-Student" appeal in the spring of 1982. This was in response to impending shortfalls in financial aid from both federal and state sources. The college asked that any contribution made be over and above regular annual gifts to the college. A gift of $1,250 was needed to "adopt." Individuals or groups providing that amount were assigned a student who was being supported by their gift. Other gifts were accepted as well. The fund ultimately provided a total of $30,000 for grant (but not loan) assistance. For more information, contact George A. Hearne, Vice President for Development, Eureka College, 300 East College Ave., Eureka, IL 61530, (309) 467-3721.

Students' loan program: Guilford College students started a loan program of their own. Students pledged $12,500 toward a loan program in a double-match challenge grant to alumni and friends of the college. Students contributed one dollar to the fund for every two donated by alumni and friends for a total of $37,500. The loan program, after receiving additional gifts from alumni and friends plus a transfer from other college loan funds, stood at $170,000 at the end of a year. The 1983-84 student government planned to continue an auction that last year added to the loan program $4,300 above the $12,500 contributed by the students. The program is administered by the Office of Financial Aid. For more information, contact Jeaneane Williams, Director of Public Relations and Publications, Guilford College, 5800 West Friendly Ave., Greensboro, NC 27410, (919) 292-5511.

Employment opportunities: The College Career Work Experience Program, administered by the State of Florida Department of Education, provides funds to eligible institutions in the State of Florida to provide career-related work experiences to Florida residents who demonstrate financial need. These funds pay 50 percent of the student's gross compensation; the employer pays 50 percent. For more information, contact Dr. Ernest E. Smith, Executive Director, Florida Office of Student Financial Assistance, Tallahassee, FL 32901, (904) 488-4095.

ROUNDUP: TUITION ASSISTANCE PROGRAMS

SAVINGS AND TRUST PLANS:

Most of these plans take advantage of tax breaks. A parent or grandparent interested in using one of these methods to help pay for a college education should consult a tax accountant first.

Outright gift: A parent can give up to $10,000 a year (or $20,000 in a joint gift with a spouse) to the child without incurring tax liability. Gifts can consist of assets as well as cash.

Savings account in the child's name: This takes advantage of the child's lower tax bracket but it must be in his or her name and not "in trust for."

Lending money to the child, interest free: The child can invest the money in something safe and the interest will be only lightly taxed at his or her lower tax bracket. The loan should be drawn up carefully by a lawyer or an accountant; very large loans have been challenged by the IRS, which believes the interest that wasn't charged to be a gift.

Giving the child a job: A parent who owns a business can give the child a job. His or her earnings are tax-deductible to the business and he or she can earn up to $3,300 a year untaxed.

Charitable remainder unitrust: Parents or grandparents make a donation to the university but a percentage of its value must be paid to the student each year of the trust. This provides the institution with cash and the student with tuition money.

Life-insurance gift trust: Parents or grandparents pay life insurance premiums during the first years of the child's life and establish a prepayment fund for future premiums. Money builds up in the trust without any income tax liability until it is taken out to pay for college.

METHODS OF PAYING TUITION:

Tuition stabilization plan: Students prepay the full amount of tuition for the undergraduate years (two, three, or four) at the tuition rate at the time of payment.

Monthly installment plan: The student makes 10 monthly payments to a finance company which pays the university after holding the money for 30 days, thus increasing its cash flow.

Monthly electronic transfer: Ten equal monthly payments are made each year, beginning in June. The payments are automatically charged to the parents' checking or savings account each month, and there are no interest or finance charges.

Tuition reserve and deposit plan: Parents deposit funds in a passbook account and leverage that deposit into a college loan two to three and a half times the savings account deposit. The interest on the savings nearly offsets the interest on the loan.

Tuition postponement plan: Parents repay college costs over 25 or 30 years.

Credit cards: Some institutions will accept payment by credit card.

SCHOLARSHIPS AND LOANS:

"Moral obligation" scholarship: This is a scholarship in which the student does not sign a conventional loan agreement but assumes a moral obligation to pay back the money. When he or she pays it back, the payment can be considered a tax deductible gift.

Corporations sponsoring students: One college persuaded private corporations to sponsor 15 freshmen for their first year and hoped that the companies would continue to help the students throughout their college career.

Community support: A college foundation conducts a special fund-raising drive each year to generate community support for a scholarship and loan program. Awards are given to recognize academic excellence as well as financial need.

Helping students find scholarships: One university set up its own scholarship search program, a computerized system to match eligible students with potential and generally unknown scholarships.

Increasing scholarship and loan funds by diverting money from other sources: One college contributes money from its endowment for student loans and general financial aid purposes. Another university diverts a larger portion of park-

ing fines to the scholarship fund, increasing the contribution by more than 50 percent.

DISCOUNTS ON TUITION:

For family members: One university cuts tuition fees by 25 percent for a second family member who enrolls, 35 percent for the third, and 50 percent for the fourth. Another offers half-tuition grants to additional siblings who attend the university full time.

For older students: A college offers discounts of 25 to 50 percent to students who are 25 or older.

KEEPING COSTS DOWN:

Work-study programs: Many colleges offer cooperative education programs that alternate formal study with periods of career-related work.

Increasing student employment on campus: One college analyzed its employment needs and directed that a number of positions be filled by students. Most of the increase was met by filling positions that became vacant through attrition. One position could provide the equivalent of four part-time jobs. A university increased student jobs on campus by allocating 10 percent of wages for students.

Accelerated programs: Many institutions offer programs that students can complete in three years rather than four.

CLEP credit: About 1,800 institutions grant credit based on a student's performance on College-Level Examination Program (CLEP) exams offered by the College Board. This series of exams provides college credit for life experience.

Lower off-peak rates: Continuing education courses in the evenings and weekends often carry a lower tuition rate than prime-time weekday courses in the day division. Evening and weekend courses sometimes can cost less because they rely on faculty and staff already in place. Also, for the most part, adult students require fewer support services.

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